

DEPARTMENT OF TREASURY

**COMMUNITY DEVELOPMENT FINANCIAL
INSTITUTIONS FUND**

FISCAL YEAR 2006

CONGRESSIONAL BUDGET SUBMISSION

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

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STRATEGIC CONTEXT FOR THE FY 2006 BUDGET/PERFORMANCE PLAN
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This document provides justification of the FY 2006 budget for the Community Development Financial Institutions (CDFI) Fund (the “Fund”).

No program funding (i.e., funding for grants and loans) is being requested for FY 2006. All funding requested for FY 2006 is for administration of the New Markets Tax Credit Program, and to manage the existing portfolio of awards under the Community Development Financial Institutions Program, the Bank Enterprise Award Program, and Native Initiatives.

The New Markets Tax Credit Program and activities pertaining to management of the CDFI Fund’s awards portfolio will continue to be managed within CDFI Fund. The Fund’s other programs – the Community Development Financial Institutions Program, Native Initiatives, and the Bank Enterprise Award Program – are proposed to be consolidated with other Federal community development programs within the Department of Commerce. The new consolidated program will be designed to achieve greater results and focus on communities most in need of assistance

This FY 2006 budget submission pertains to the activities to be managed within the CDFI Fund: the New Markets Tax Credit Program, and management and servicing (e.g., monitoring compliance of awards, making subsequent disbursements, tracking debt and equity payments, and credit subsidy calculations and reporting) of the Fund’s existing portfolio of awards.

Mission

The mission of the New Markets Tax Credit Program is to attract private sector capital into low-income communities through Community Development Entities (CDEs). The Fund’s other programs were designed to improve the economic conditions of underserved communities by expanding the capacity of financial institutions to provide credit, capital, and financial services in economically underserved urban and rural communities. This mission was carried out by providing funding to Community Development Financial Institutions under the CDFI Program and by providing incentives to financial institutions under the Bank Enterprise Award Program.

While funding is no longer provided for new awards under these programs, disbursements of awards under outstanding legal agreements must still be made, and awardee performance under these awards will require compliance and monitoring activities.

The Nature of Community Development Entities (CDEs) and Community Development Financial Institutions (CDFIs)

CDEs are vehicles through which funds raised through the issuance of tax credits to private capital sources are invested in low-income communities through the New Markets Tax Credit (NMTC) Program. As of December 1, 2004, there was a network over 1,700 CDEs throughout the nation.

CDFIs are specialized financial institutions that conduct their businesses in market niches that are underserved by traditional financial institutions. Prior to FY 2006, the Fund provided awards to CDFIs and continues to make disbursements on existing awards. There is now a network of over 700 certified CDFIs that are essential components in helping the nation deliver financing capital for stimulating economic growth in underserved communities, starting or expanding businesses, and promoting homeownership and wealth accumulation among low income and minority borrowers.

Key Strategic Issues

The Fund has two key issues to address during FY 2006:

The Efficient Transition of Programs and Activities A key initiative in FY 2006 is to effect an efficient transition of the Community Development Financial Institutions Program, Native Initiatives, and the Bank Enterprise Award Program, to the Department of Commerce.

Collecting CDE Performance Information The Fund is currently poised to collect and analyze detailed NMTC allocatee data to assess the degree to which the resources of the Fund are achieving the expected outcomes, and to adjust program design as needed. Starting in FY 2006, the Fund will be able to analyze data collected from the allocatees of the first two allocation rounds to determine if the program design requires modification. This analysis will help to ensure that private sector capital is attracted into low-income communities effectively through CDEs. The Fund will collect this information through the Community Investment Impact System (CIIS).

CIIS is a web-based data collection process and data repository designed to gather detailed information from each institution that has received an award from the Fund. This process will enable the Fund to measure the outcomes of its allocation of NMTCs, and aids in meeting PMA Budget and Performance Integration requirements. CIIS will capture important information on each loan and investment an allocatee makes, including the purpose of the loan or investment, borrower or project location, borrower socio-economic characteristics, loan and investment terms, repayment status, and community development impacts. The Fund anticipates that the GAO, which is required to submit evaluations of the NMTC Program to Congress in 2007 and 2010, will want to review this data as part of that assessment. Data collection efforts and processing for CDFI-related data and information will be terminated.

Optimal Operating Level

The FY 2006 budget submission is an integral part of the Administration's agenda to stimulate and maintain the nation's economy. The budget request provides the most favorable outcomes because it accomplishes the following:

Attract Private Sector Investments The FY 2006 plan provides for administration of the NMTC Program, through which will be issued tax credit allocations that will create \$3.5 billion in private sector equity investments. The credits will result in increased investments of more than 5 times the amount of foregone federal income tax revenue.

- Starting in FY 2005, the Fund anticipates a significant increase in staff hours related to monitoring prior allocatees' compliance with the terms of the allocation agreements, compliance monitoring site visits, and gathering and analyzing performance information from CDEs. Since the CDEs are to be monitored once they begin receiving a significant amount of investor capital, and investments at significant levels only began in FY 2004, the necessary data to commence the foregoing activities are projected to begin in FY 2005.

Steward of Federal Dollars Already Awarded Although no program funding (i.e., funding for grants and loans) is requested for FY 2006, over the prior three years the Fund will have made over 400 awards under its CDFI and Native Initiative programs. Each Fund awardee is required to provide the Fund with annual reports on performance, so the Fund can determine the degree to which results are achieved with the Fund's award. Accordingly, a limited amount of funding is requested to continue to monitor compliance with prior Fund awards, and to continue to process disbursements under these awards. On the average, full disbursement of awards takes up to three years since matching funds documentation must be provided and verified prior to disbursement.

RELATIONSHIP BETWEEN THE STRATEGIC PLAN AND THE ANNUAL PERFORMANCE PLAN
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The table below displays the relationship between the CDFI Fund's strategic and performance goals and Treasury's Strategic Plan. Due to the planned movement of a number of Fund programs to the Department of Commerce in FY 2006, two sets of strategic goals and performance goals are provided below: one pertaining to the Fund prior to the movement of these programs to the Commerce Department in order to give perspective to the performance information provided in the performance measure tables for pre-FY 2006 activities, and the other pertaining to post-FY 2005 activities.

Treasury Strategic Goal: Promote Prosperous U.S. and World Economies (E1)		
Treasury Strategic Objective	CDFI Fund Strategic Goal	Performance Goals Linked to Strategic Goal
Stimulate economic growth and job creation (E1A)	<p>Post-FY 2005 Strategic Goal: Improve the economic and living conditions of underserved communities by providing an array of community development financing and financial services through a nationwide network of CDEs.</p> <p>Pre-FY 2006 Strategic Goal: Improve the economic and living conditions of underserved communities by providing an array of community development financing and financial services through a nationwide network of sustainable regulated and non-regulated CDFIs and CDEs.</p>	<p>A. Performance Goal: Attract private sector capital into low-income communities through CDEs.</p> <p>A. CDFI Program Performance Goal: Build the capacity and coverage of CDFIs to provide credit, capital, and related services to otherwise underserved markets.</p> <p>B. NMTC Program Performance Goal: Attract private sector capital into low-income communities through CDEs.</p> <p>C. BEA Program Performance Goal: Increase FDIC-insured institutions' investments in community development and economic revitalization in distressed communities.</p> <p>D. NI Performance Goal: Build the capacity and coverage of CDFIs and other institutions to provide credit, capital, and related services to Native communities.</p>

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE
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SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE (Dollars in Thousands)			
TREASURY GOAL/OBJECTIVE	FY 2004 Actual	FY 2005 Estimate	FY 2006 Proposed
Treasury Goal: Promote Prosperous U.S. and World Economies (E1)			
Budget Obligations	\$60,640	\$55,078	\$7,900
Full-time Equivalents (FTE)	65	68	35
<u>Objective</u> : Increase economic growth and create jobs. (E1A)			
Budget Obligations	\$60,640	\$55,078	\$7,900
Full-time Equivalents	65	68	35

APPROPRIATION LANGUAGE CHANGES

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

To carry out the Community Development Banking and Financial Institutions Act of 1994, including services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for ES-3, [\$55,522,000, to remain available until September 30, 2006, of which \$4,000,000 shall be for financial assistance, technical assistance, training and outreach programs designed to benefit Native American, Native Hawaiian, and Alaskan Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, tribes, and tribal organizations and other suitable providers, and up to \$14,900,000 may] \$7,900,000, to be used for [administrative expenses, including] administration of the New Markets Tax Credit[, up to \$6,000,000 may be used for the cost of direct loans, and up to \$250,000 may be used for administrative expenses to carry out the direct loan program; *Provided*, That the cost of direct loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$11,000,000] *Program and for management of the existing portfolio of awards to Community Development Financial Institutions and insured financial institutions. (Departments of Veterans Affairs, and Housing and Urban Development, and Independent Agencies Appropriations Act, 2005.)*

Community Development Financial Institutions Fund

ANALYSIS OF FY 2005 ENACTED LEVEL AND DIGEST OF FY 2006

	FTE	Amount (\$000)
FY 2005 Consolidated Appropriations (H.R. 4818)	68	\$55,522
FY 2005 Amendment(s)	0	0
Adjustments (+/-):		
Rescission Per H.R. 4818	0	(444)
FY 2005 Enacted Level.....	68	55,078

DIGEST OF FY 2006 BUDGET ESTIMATES BY ACTIVITY

(Dollars in Thousands)

PROGRAMS	FY 2004 Enacted		FY 2005 Budget Enacted 2/		FY 2006 Budget Estimate		INCREASE (+) OR DECREASE (-) FOR FY 2006					
							TOTAL CHANGES		PROGRAM CHANGE		OTHER CHANGES	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Appropriated Resources (all sources)												
1 Community Dev. Financial Institutions Program	41	\$41,166	33	\$31,421	12	\$3,600	(21)	(\$27,821)	(21)	(\$27,821)	0	\$0
2 New Markets Tax Credit Program	19	\$4,700	19	\$6,221	23	\$4,300	4	(\$1,921)	4	(\$1,921)	0	\$0
3 Bank Enterprise Awards Program	5	\$14,780	6	\$11,415	0	\$0	(6)	(\$11,415)	(6)	(\$11,415)	0	\$0
4 Native Initiatives 1/			10	\$6,021	0	\$0	(10)	(\$6,021)	(10)	(\$6,021)	0	\$0
Total, Appropriated Resources	65	\$60,646	68	\$55,078	35	\$7,900	(33)	(\$47,178)	(33)	(\$47,178)	0	\$0
Adjustments (+/-):												
Program Operating Level												
1 Community Dev. Financial Institutions Program	41	\$41,166	33	\$31,421	12	\$3,600	(21)	(\$27,821)	(21)	(\$27,821)	0	\$0
2 New Markets Tax Credit Program	19	\$4,700	19	\$6,221	23	\$4,300	4	(\$1,921)	4	(\$1,921)	0	\$0
3 Bank Enterprise Awards Program	5	\$14,780	6	\$11,415	0	\$0	(6)	(\$11,415)	(6)	(\$11,415)	0	\$0
4 Native Initiatives (1)			10	\$6,021	0	\$0	(10)	(\$6,021)	(10)	(\$6,021)	0	\$0
Total, Program Operating Level	65	\$60,646	68	\$55,078	35	\$7,900	(33)	(\$47,178)	(33)	(\$47,178)	0	\$0

1/ Native Initiatives was not included in the estimates for the CDFI Program until FY 2005.

2/ The FY 2005 estimated level includes a \$444,176 rescission per HR 4818.

SUMMARY EXPLANATIONS OF FY 2006 REQUESTED CHANGES BY ACTIVITY
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(Dollars in Thousands)										
Requested Changes	CDFI Program		Native Initiatives		BEA Program		NMTC Program		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
PROGRAM CHANGES:										
2. Program Increases (Decreases)	(20)	(27,879)	(11)	(6,041)	(6)	(11,426)	4	(1,958)	(33)	(47,304)
SUBTOTAL, PROGRAM CHANGES	(20)	(27,879)	(11)	(6,041)	(6)	(11,426)	4	(1,958)	(33)	(47,304)
OTHER CHANGES:										
Adjustments Necessary to Maintain Current Levels:	0	58	0	20	0	11	0	37	0	126
Nonrecurring Costs:	0	0	0	0	0	0	0	0	0	0
Productivity Savings:	0	0	0	0	0	0	0	0	0	0
SUBTOTAL, OTHER CHANGES	0	58	0	20	0	11	0	37	0	126
TOTAL CHANGES, BUDGET AUTHORITY	(20)	(27,821)	(11)	(6,021)	(6)	(11,415)	4	(1,921)	(33)	(47,178)

EXPLANATION OF FY 2006 BUDGET INCREASES AND DECREASES
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In FY 2006, appropriated funding requirements for the Community Development Financial Institutions (CDFI) Fund are projected to be \$7,900,000. This is a reduction of \$47,178,000 from the FY 2005 Consolidated Appropriations (H.R. 4818) amount of \$55,078,000 for grants, loans, salaries and expenses.

TOTAL CHANGES

TOTAL REQUESTED CHANGES.....(-\$47,304,000) / (33 FTE)

1. Program Decreases.....(-\$47,304,000) / (33 FTE)

Program reductions represent a reduction in the amount of funding requested for grants and loans pertaining to the Community Development Financial Institutions Program, the Bank Enterprise Award Program, and Native Initiatives. With these programs being consolidated within another Federal agency, no funding is being requested. Program reductions also include administrative costs relating to making awards (e.g., preparation of a Notice of Funds Availability, modifications to fund applications and systems, modifications to the standard assistance agreements, outreach costs, costs to review and rank applications, and other award-related administrative costs).

2. Adjustments Necessary to Maintain Current Levels.....\$126,000 / (0 FTE)

The adjustments fund the January, 2005 pay increase of \$189,000, offset by a \$63,000 reduction in non-labor costs.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS PROGRAM

Program Description

No program funding (i.e. funding for grants and loans) in FY 2006 is being requested for the Community Development Financial Institutions (CDFI) Program. This is because all Fund programs, with the exception of the New Markets Tax Credit Program, are proposed to be consolidated with other community development programs within the Department of Commerce's Opportunity Challenge Program. The new program is a market-based, results-oriented approach that will encourage innovation and investments that lead to better jobs and higher wages. Accordingly, the following summary information is provided to give a context to the CDFI Program performance information provided on the following pages.

The CDFI Program is designed to help create and strengthen a network of Community Development Financial Institutions (CDFIs) that are essential in helping the nation deliver financing capital for stimulating economic growth in underserved communities, starting or expanding a business, and promoting homeownership among low income and minority borrowers. Access to financial services is critical in helping to bring more Americans into the economic mainstream. This program consists of a Financial Assistance and Technical Assistance components:

- The Financial Assistance Component addresses Treasury's strategic objective to increase economic growth and create jobs. The Fund does this by providing direct investments to CDFIs. CDFIs receiving Financial Assistance grants are required to obtain matching funds before the grants are disbursed. Historically, for every dollar in investments provided by the CDFI Fund, awardees have been able to leverage these grants with over \$20 in matching funds.

The Fund uses flexible tools such as equity investments, loans, grants, and deposits that effectively assist CDFIs in their ability to address their communities unmet credit needs. The infusion of this capital into CDFIs enables them to provide financial services needed by the most underserved communities. The related loans and investments in the underserved communities serves to create and expand businesses, create jobs, and increase homeownership.

- The Technical Assistance Component ensures that CDFIs become sustainable by providing technical assistance grants. These grants enable smaller, less established CDFIs to obtain the technical assistance needed to better understand their market's needs and to provide the needed services and products. Technical Assistance grants are provided since smaller CDFIs have greater difficulty in attracting the matching funds needed to obtain the Fund's dollars.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE

The following table reflects the performance measure information associated with the Community Development Financial Institutions (CDFI) Fund Program. Treasury believes that showing “Fiscal Year Performance” is a more meaningful presentation of projected performance than “Appropriated Level Performance”.

“Fiscal Year Performance” relates to performance being reported in the fiscal year in which such performance is attained rather than showing the effect of dollars appropriated. This is distinguished from “Appropriated Level Performance” which pertains to performance resulting from the deployment of appropriated funds irrespective of the year such performance is attained. Because there is a significant time lag between the time appropriated funds are received and the time they are disbursed to awardees, invested by awardees in the identified activities, and the related outcomes produced, there will be a significant difference between “Fiscal Year Performance” and “Appropriated Level Performance”. In light of Treasury’s decision to not request additional CDFI Program funding in FY 2006 (e.g., “Appropriated Level Performance” for FY 2006 funding would be zero), only “Fiscal Year Performance” tables are provided.

In the first quarter of FY 2005, Treasury launched a process to streamline its current set of performance measures. Its purpose was to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities, and reduce administrative burden. Results of the process indicated a 60-70% reduction in the number of performance measures overall at the Treasury level. At the bureau level, measures that are no longer included in the budget submission are classified as "discontinued", and are indicated as such. The end result will be apparent in next year's performance report and budget submission, in the form of a more concise explanation of program performance relative to prior years.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE – ALL BUDGET ACTIVITIES

(Dollars in Thousands)							
Community Development Financial Institutions Fund - All Programs	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Performance	Proposed	Proposed
Total Operating Level (direct)	\$113,704	\$80,000	\$74,512	\$60,640	\$60,640	\$55,078	\$7,900
Total FTE (direct)	53	57	68	65	65	68	35
Treasury Goal: Promote Prosperous U.S. and World Economies (E1)							
Treasury Objective: Stimulate Economic Growth and Job Creation (E1A)							
Appropriated Resources	\$113,704	\$80,000	\$74,512	\$60,640	\$60,640	\$55,078	\$7,900
Direct FTE	53	57	68	65	65	68	35
Performance Goal: To build the capacity and coverage of CDFIs to provide credit, capital, and related services to otherwise underserved markets.							
Number of full-time equivalent jobs created or maintained in underserved communities. (Oe)	26,934	36,275	9,141	6,817	8,307	7,854	5,919
(Oe) - Outcome Measure							

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE – CDFI FUND PROGRAMS
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(Dollars in Thousands)							
Community Development Financial Institutions Program	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Performance	Proposed	Proposed
Total Operating Level (direct)	\$65,782	\$53,802	\$33,470	\$41,160	\$41,160	\$31,421	\$3,600
Total FTE (direct)	48	47	33	41	41	33	12
Treasury Goal: Promote Prosperous U.S. and World Economies (E1)							
Treasury Objective: Stimulate Economic Growth and Job Creation (E1A)							
Appropriated Resources	\$65,782	\$53,802	\$33,470	\$41,160	\$41,160	\$31,877	\$3,600
Direct FTE	48	47	33	41	41	32	12
Performance Goal: To build the capacity and coverage of CDFIs to provide credit, capital, and related services to otherwise underserved markets.							
1. Administrative costs per Financial Assistance application processed. (E)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Baseline	TBD
2. Dollars of private and non-CDFI Fund investments that CDFIs were able to leverage because of their CDFI Fund FA (O)	\$503 million	\$660 million	\$1.6 billion	\$669 million	\$2.6 billion	\$2 billion	\$1.7 billion
(O) - Outcome Measure (E). E = Efficiency Measure.							

Community Development Financial Institutions Fund

(Dollars in thousands)						
Community Development Financial Institutions Program	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
	Performance	Performance	Performance	Performance	Proposed	Proposed
Discontinued Measures						
Number of full-time equivalent jobs created or maintained in underserved communities.	36,275	7,602	5,852	7,179	Discontinued (1)	Discontinued (1)
Number of businesses financed that are located in, or provide services or employment to, underserved communities.	4,422	5,950	13,282	4,030	Discontinued	Discontinued
Square footage of commercial real estate property developed in underserved communities.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued	Discontinued
Number of clients served by community facilities located in or providing services to underserved communities.	Not Applicable	Not Met	Baseline	392,395	Discontinued	Discontinued
Number of housing units (including rental units) developed or rehabilitated in underserved communities.	Not Applicable	61,242	34,009	35,194	Discontinued	Discontinued
Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing.	3157	6,069	4,554	5,310	Discontinued	Discontinued
Number of accounts opened at insured depository institutions that are located in underserved communities.	205,977	261,789	37,997	39,694	Discontinued	Discontinued
Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services.	49,982	61,571	139,491	81,249	Discontinued	Discontinued
Percentage of awardees that have increased their level of self-sufficiency.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued	Discontinued
Percentage of CDFI Program awardees with acceptable portfolio quality.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued	Discontinued
Percentage of CDFI Program awardees that increased the number of products and services offered, or increased the volume of financing activities.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued	Discontinued
Percentage of Hot Zones served by CDFIs.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued	Discontinued

(1) Discontinued at the program level, performance being measured at the Fund level.

Community Development Financial Institutions Fund

Evaluation of FY 2005 Program Performance Compared to FY 2004

The Fund has three performance targets for the CDFI Program: 1) the number of full-time equivalent jobs created or maintained in distressed communities; 2) the administrative cost per Financial Assistance application processed (an efficiency measure); and 3) the dollar amount of private and non-CDFI Fund investments that CDFIs were able to leverage because of their CDFI Fund financial assistance.

Compared with FY 2004 results, we anticipate an decrease in the first measure, from 7,179 FTEs created or maintained as reported in FY 2004, to 6,992 projected to be reported in FY 2005; and a decrease in the third measure - from \$2.6 billion of private and non-CDFI Fund investments that CDFIs were able to leverage in FY 2004 because of their CDFI Fund financial assistance, to \$2 billion being leveraged in FY 2005. These decreases are consistent with the Fund's annual decrease in appropriations.

FY 2005 will be the initial year in which the Fund determines the administrative cost to process a CDFI Program application, and that information will be used to set a baseline and targets.

FY 2006 Proposed Program Performance

As stated above, the Fund is not requesting any funding for awards in FY 2006 under the CDFI Program. Because the performance results shown are "Fiscal Year Performance", the results to be reported in FY 2006 are a function of awardees' deployment of awards received and disbursed in prior years.

In FY 2006 we anticipate a decrease in the number full-time equivalent jobs created or maintained in underserved communities, from 6,992 in FY 2005, to 5,619, in FY 2006; and a decrease in the dollar amount of private and non-CDFI Fund investments that CDFIs were able to leverage because of their CDFI Fund financial assistance, from \$2 billion in FY 2005 to \$1.7 billion in FY 2006. These decreases are consistent with the Fund's annual decrease in appropriations.

Use of Administrative Funding

Although no program funding is being requested for FY 2006, there will still be the need to manage the existing portfolio of awards and to phase out and wind down Fund operations. More information on the nature of these activities is below.

Portfolio Management Activities

1. Disbursement of existing awards: The Fund projects that there will be over 400 undisbursed awards as of the end of FY 2005 and that 100 of these will require disbursement during FY 2006 (the Fund disburses approximately 25% of its beginning-of-year undisbursed awards during the year). The remaining 300 awards will be disbursed subsequent to FY 2006. Activities pertaining to the disbursement process consist of a legal review of matching funds documentation, a review of the history of compliance with the terms of the assistance agreement, and the processing of the disbursement.
2. Monitoring compliance with assistance agreements / stewardship of awards already made: As of the end of FY 2005, there will be approximately 380 awardees with open assistance agreements that will still be required to provide the required reports and to meet the performance measures, as stated in their assistance agreements. This is a time-consuming process requiring review of the reports and communication with awardees, and in some instances requires a modification to the assistance agreement. The Compliance and Monitoring staff current numbers 9, of which 3 are devoted to monitoring the New Markets Tax Credit Program with the remaining 6 monitoring compliance with the CDFI and Native Initiatives Programs (the seemingly disproportionate number of people allocated between the programs is due to the reporting and compliance requirements under the NMTC Program not taking effect until a significant amount of investment capital has been raised by the CDEs. The amount of capital raised to date has been very small but will take on some significance beginning with FY 2005).
3. Other Financial Requirements: Through FY 2004 the Fund had outstanding 41 equity awards for which \$37 million remains an asset on the Funds books, and an additional 100 loan awards totaling \$58 million also reflected as an asset. Both amounts require some additional servicing into FY 2006. The loans require periodic calculation of credit subsidy, re-estimates, and reporting to OMB as required by the Federal Credit Reform Act. The investments require an analysis of the underlying value to ensure that the carrying value is a reasonable one. Because the investments are in non-publicly traded organizations, this analysis is somewhat complex.

Winding Down of Operations

Funding will also be required to account for the phase out and winding down of operations. We have not yet identified all such activities, but they include the following:

1. Rent Termination: the Fund has leased space through the General Services Administration which expires in FY 2007. The annual rent is approximately \$1 million. Terminating the lease in advance of its expiration will require a termination fee, or the Department may be liable for the remaining lease costs through the end of the lease.

Community Development Financial Institutions Fund

2. Personnel Issues:

- a. Payment of Annual Leave: We anticipate a significant number of employees leaving the employment of the Federal government as a result of the proposed consolidation of the Fund's programs, and accordingly, the related accrued annual leave balances for such employees will need to be paid;
- b. Retention Bonus: to the extent Treasury wants to mitigate the exodus of Federal employees leaving the Fund during the FY 2005 program funding round, a retention bonus may be paid to certain employees to ensure continuance of operations while maintaining a strong internal control environment;
- c. Employee Buyouts: to encourage employees who are near the Federal retirement age / years of service to retire, a buyout may be offered.

3. Information Technology Systems: Even in the absence of new program funding, there will still be a need to operate certain program and financial management systems. For example, the Fund has significant investment in its Community Investment Impact System (CIIS), a system used to obtain performance information from our awardees at the loan level. We envision costs being incurred to maintain this system to support the NMTC Program and compliance and monitoring activities of the existing award portfolio.

The above list is intended to provide some insight into some of the additional activities which will still require some level of funding even though no additional program funding is being requested.

NEW MARKETS TAX CREDIT PROGRAM

Program Description

The Fund proposes to utilize \$4.3 million in FY 2006 for program management costs for the New Markets Tax Credit (NMTC) Program, which reflects a decrease of \$1.9 million from the FY 2005 Consolidated Appropriations Bill (H.R. 4818). This will support a portfolio of an estimated \$11.5 billion of private sector equity investments under the NMTC Program by the end of FY 2006. The Community Renewal Tax Relief Act of 2000 created the NMTC Program, which is designed to spur investment of private capital into a range of privately managed investment vehicles called Community Development Entities (CDEs). CDEs make loans and equity investments in New Markets businesses located in and serving economically distressed communities. The decrease in the funding request consists primarily of a one-time cost for an evaluation of the NMTC Program, estimated to cost \$2.1 million in FY 2005.

Program Link to Treasury Objective

The NMTC Program is linked directly to Treasury's strategic objective to increase economic growth and create jobs, as this program is designed to create \$15 billion of community development investment between FY 2002 and FY 2007. Every private sector investment made through the NMTC Program serves to enhance local economies and produce jobs. Under the final two allocation rounds of the NMTC Program (FY 2006 and FY 2007), the Fund has the authority to allocate tax credits supporting \$3.5 billion of private sector equity investments in each round, for a total of \$7 billion.

Eligibility To receive an allocation, a CDE must be a legally established entity that: 1) has a mission of serving or providing investment capital for low-income communities or low-income persons; 2) maintains accountability to residents of low-income communities through their representation on a governing board or advisory board to the entity; and 3) has been certified as a CDE by the CDFI Fund. Low-income communities include census tracts with at least a 20 percent poverty rate or where the median family income is below 80 percent of the area median family income. About 40 percent of census tracts in the nation qualify for this status.

CDEs apply for allocations of NMTCs through annual, competitive allocation rounds. In the first two allocation rounds (FYs 2002 through 2004), 616 entities requested tax credits worth \$56.2 billion in private sector investment. One hundred and twenty nine entities were selected to receive tax credits that support \$6 billion of private sector investment, the total authorized allocation authority for these funding rounds.. The primary service areas of the current allocatees (with allocatees operating nationally identifying their top 7 states) will encompass 46 states and the District of Columbia. As of January 5, 2005, all 66

Community Development Financial Institutions Fund

first round allocatees have signed allocation agreements and can begin accepting investments. Two-thirds of the second round allocatees have similarly executed such agreements. Allocatees from both rounds have begun raising investor capital. As of January 5, 2005 \$1.1 billion in Qualified Equity Investments had been raised by allocatees. Data on individual transactions must be submitted within 6 months after the close of the allocatees' fiscal years. The Fund anticipates that meaningful results pertaining to deployment of equity will be reported when the allocatees' fiscal year-end reports submitted in FY 2005. Accordingly, with the lag time between deployment and reporting, it may be September 2006 before the Fund has data on investments made in 2005. The results of the data analysis will be used as baseline information and also to project future performance.

- CDEs use their allocation of tax credits to attract investors. The program permits investors to receive a credit against Federal income taxes for making qualified equity investments in designated CDEs.
- Substantially all of the qualified equity investment must in turn be used by the CDE to invest in low-income communities. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period.
- Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period, or will otherwise be required to recapture some or all of the credits previously used to reduce their Federal income tax burden.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE

The following table reflects the performance measure information associated with the New Markets Tax Credit (NMTC) Program. The Fund believes that showing "Fiscal Year Performance" is a more meaningful presentation of projected performance than "Appropriated Level Performance".

"Fiscal Year Performance" relates to performance being reported in the fiscal year in which such performance is attained rather than showing the effect of the deployment of investor capital. This is distinguished from "Appropriated Level Performance" which pertains to performance resulting from the deployment of capital irrespective of the year such performance is attained. Because there is a significant time lag between the time tax credit investments are made and the data is required to be reported, there will be a significant difference between "Fiscal Year Performance" and Appropriated Level Performance".

Performance measures that are no longer included in the budget submission are classified as "discontinued", and are indicated as such.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE – ALL BUDGET ACTIVITIES

(Dollars in Thousands)						
New Markets Tax Credit Program	FY 2002 Performance	FY 2003 Performance	FY 2004		FY 2005 Proposed	FY 2006 Proposed
			Target	Performance		
Total Operating Level (appropriated and reimbursable)	\$3,215	\$3,606	\$4,700	\$4,700	\$6,221	\$4,300
Total FIE (direct and reimbursable)	8	16	19	19	19	23
Treasury Goal: Promote Prosperous U.S. and World Economies (EI)						
Treasury Objective: Stimulate Economic Growth and Job Creation (EIA)						
Appropriated Resources	\$3,215	\$3,606	\$4,700	\$4,700	\$6,221	\$4,300
Direct FIE	8	16	19	19	19	23
FISCAL YEAR PERFORMANCE						
Performance Goals: Attract private sector capital into low-income communities through CDEs.						
1. Administrative costs per number of NMIC applications processed. (E)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Baseline	TBD
2. Amount of investments in low-income communities that CDEs have made with capital raised through NMIC allocations. (Oe)	Not Applicable	Not Applicable	Not Applicable	Insufficient Data	Baseline	TBD
Oe=Outcome Measure E=Efficiency Measure						

Community Development Financial Institutions Fund

New Markets Tax Credit Program	FY 2002 Performance	FY 2003 Performance	FY 2004 Target	FY 2005 Proposed	FY 2006 Proposed
Discontinued Measures					
Number of full-time equivalent jobs created or maintained in underserved communities.	Not Applicable	Not Applicable	Baseline	Discontinued (1)	Discontinued (1)
Number of business financed that are located in, or provide services or employment to, underserved communities.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Square footage of commercial real estate property developed in underserved communities.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of clients served by community facilities located in or providing services to underserved communities.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of housing units (including rental units) developed or rehabilitated in underserved communities.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of accounts opened at insured depository institutions that are located in underserved communities.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of businesses and entrepreneurs provided financial counseling or other services by NMIC Program allocatees.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Amount of private equity raised by CDEs through NMIC allocations.	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued

(1) Discontinued at the program level, performance being measured at the Fund level.

Evaluation of FY 2005 Program Performance Compared to FY 2004

The first round of NMTC Program allocation agreements were executed at the end of calendar year 2003, close to the fiscal year end of many CDEs. Accordingly, only 6 CDEs deployed investor capital into qualified investments during this time period, an insufficient number from which to create a meaningful baseline for the Fund's performance measure. In FY 2005, the Fund will receive many more reports from CDEs regarding the deployment of the \$1.1 billion received to date, and, accordingly, these reports containing 2004 data will be used to determine baseline performance (for FY 2005) and to set future performance targets (starting with FY 2006). As a result, the schedule above shows FY 2005 target amounts as "Baseline" and FY 2006 proposed amounts as "To Be Determined".

Independent Evaluation of the NMTC Program In FY 2005, \$2.1 million is planned to fund an evaluation of the NMTC Program to analyze the following areas:

- **Characteristics of CDE Investors.** The primary purpose of the NMTC Program is to increase the flow of private capital to low-income communities and low-income persons by attracting private capital to Community Development Entities. The evaluation will examine the types of individuals and institutions that invest in CDEs and why they invest.
- **Performance of CDEs.** For the NMTC Program to be successful, CDEs must not only be able to attract capital, they must be able to invest it into low-income communities within statutory timeframes. They must also be financially and managerially sound so they can recover the initial investment and earn the return promised to the investor. The evaluation will examine deployment rates and the return on investment to investors.
- **Outcomes at the community level.** Implicit in the NTMC Program statute is that increased investment in CDEs provides benefits to low-income communities and to low-income persons. The evaluation will quantify, to the extent possible, the specific benefits to low-income communities and low-income persons. Benefits are defined as outcomes meeting the needs of low-income communities. The evaluation will then look at the CDEs' borrowers and, if applicable, the specific projects financed by CDEs, to identify the quality of specific benefits. An example is the number of jobs created by CDE business borrowers that match the low-income community residents' skill levels.

FY 2006 Proposed Program Performance

As stated above, due to the significant time lag between the deployment of investments with tax credits and the receipt of data, the first year with significant data from CDEs regarding the deployment of capital are not due until FY 2005. These reports will be used to set baseline performance (for FY 2005) and to set future performance targets (starting with FY 2006). As a result, performance targets for FY 2006 are "To Be Determined" based on the results of these first year reports.

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Staff Realignment FY 2006 funding for the NMTC Program supports an increased staff workload in the Compliance Management and Evaluation Unit, which oversees an ever-increasing portfolio of NMTC allocations. The portfolio as of the end of FY 2005 will total approximately 170 active allocations totaling \$11.5 billion of investments. More importantly, there were no allocations to monitor through FY 2004 due to the small amount of investor capital deployed. This will change significantly during FY 2005 and into FY 2006, as more CDEs raise and deploy investor capital which will require such allocations to be monitored.

Funding also supports an increased staff workload in the Financial Strategies & Research Unit that conducts studies and collects data related to the Fund's performance measures. This analysis will make full use of the Community Investment Impact System (CIIS), a state of the art system web-based system designed, in part, to collect loan- and entity-level data from CDEs. This increase is necessary to collect and analyze performance data from the growing portfolio of CDEs, and to analyze this performance. All of this is an integral part of the Fund's performance measurement system.

Reduction in Information Technology Costs The NMTC Program Information Technology (IT) costs planned to be incurred during FY 2006 are expected to remain static, however, the Fund's overall IT costs would be approximately \$1.4M less than in FY 2005. With the consolidation of the CDFI Fund's programs, funding for certain previous "shared" IT activities and developmental costs will be significantly decreased. These activities include requirements analysis design and development for program systems; web hosting and design; network design and support; e-gov initiatives; system security; and other activities.

BANK ENTERPRISE AWARD PROGRAM

Program Description

No program funding (funding for grants) in FY 2006 is being requested for the Bank Enterprise Award (BEA) Program. This is because all Fund programs, with the exception of the New Markets Tax Credit Program, are proposed to be consolidated with other community development programs within the Department of Commerce. The new program will be designed to achieve greater results and focus on communities most in need of assistance. Accordingly, the following summary information is provided to give a context to the BEA Program performance information provided on the following pages.

All depository institutions insured by the Federal Deposit Insurance Corporation are eligible to apply for BEA Program awards. Applicants submit information on the individual transactions it engaged in during an "assessment period". The Fund provides annual awards based on the increase in the total dollar value of activities during the assessment period compared to those activities during the same period of the previous year. Thus, only institutions committed to increasing their activity in distressed communities can receive an award. Awards range from two percent to 18 percent of the dollar value of the increased activities, depending on the type of activity and whether the applicant is a certified CDFI.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE

The following table reflects the performance measure information associated with the Bank Enterprise Award (BEA) Program. Because the BEA Program award is provided for performance achieved, FY 2006 performance numbers are shown as zero since no awards are to be made.

Performance measures that are no longer included in the budget submission are classified as "discontinued", and are indicated as such.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE – ALL BUDGET ACTIVITIES

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE							
(Dollars in Thousands)							
Bank Enterprise Award Program	FY 2001 Performance	FY 2002 Performance	FY 2003 Performance	FY 2004		FY 2005 Proposed	FY 2006 Proposed 1/
				Target	Performance		
Total Operating Level (appropriated and reimbursable)	\$48,271	\$23,877	\$17,873	\$14,780	\$14,780	\$11,415	\$0
Total FTE (direct and reimbursable)	6	11	4	5	5	6	0
Treasury Goal: Promote Prosperous U.S. and World Economies (E1)							
Treasury Objective: Stimulate Economic Growth and Job Creation (E1A)							
Appropriated Resources	\$48,271	\$23,877	\$17,873	\$14,780	\$14,780	\$11,415	\$0
Direct FTE	6	11	4	5	5	6	0
Performance Goal: Increase FDIC-insured institutions' investments in community development and economic revitalization in distressed communities.							
1. Administrative costs per number of BEA applications processed. (E)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Baseline	0
2. Increase in community development activities over prior year for all program applicants. (Oe)	Not Applicable	Not Applicable	\$138 million	\$307 million	\$307 million	\$ 134 million	0

Community Development Financial Institutions Fund

(Dollars in Thousands)						
Bank Enterprise Award Program	FY 2001 Performance	FY 2002 Performance	FY 2003 Performance	FY 2004 Performance	FY 2005 Proposed	FY 2006 Proposed
Number of full-time equivalent jobs created or maintained in distressed communities.	Not Applicable	1,539	965	1,128	Discontinued (1)	Discontinued (1)
Square footage of commercial real estate property developed in underserved communities.	Not Applicable	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of businesses located in or providing services to underserved communities.	Not Applicable	Not Applicable	755	679	Discontinued	Discontinued
Number of clients served by community facilities located in or providing services to underserved communities.	Not Applicable	Not Applicable	Not Applicable	Not Met	Discontinued	Discontinued
Number of housing units (including rental units) developed or rehabilitated in underserved communities.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Discontinued	Discontinued
Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing.	Not Applicable	Not Applicable	127	2,823	Discontinued	Discontinued
Number of accounts opened at insured depository institutions that are located in underserved communities.	Not Applicable	Not Applicable	1,200	3,085	Discontinued	Discontinued
Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other training or technical assistance that may counter predatory lending and financial services.	Not Applicable	Not Applicable	3,234	1,300	Discontinued	Discontinued
Dollar value of BEA applicant qualified investments that can be attributed to the prospect of receiving a BEA award.	Not Applicable	Not Applicable	\$83 million	\$ 262 million	Discontinued	Discontinued

(1) Discontinued at the program level, performance being measured at the Fund level.

Community Development Financial Institutions Fund

Evaluation of FY 2005 Program Performance Compared to FY 2004

The number of full-time equivalents (FTEs) created or maintained in FY 2005 is projected to be 612, a 46% decrease from the 1,128 FTEs created or maintained in FY 2004. The assessment period increase in community development activities over the base year as reported in FY 2005 is projected to be \$134 million, compared to \$307 million for FY 2004.

These decreases are due to a decrease in the amount of funds available for FY 2005 awards compared to the prior year. Historically, the Fund has seen that, with some exceptions, lower funds availability do not result in fewer applicants. The amount of funds available for awards to be made in FY 2005 reflects a decrease from the amount of available in FY 2004. The FY 2004 amount included appropriated program funding of \$14 million, plus \$3 million of carryover funding. This \$17 million total is \$7 million more than the amount of program funding available in FY 2005.

FY 2006 Proposed Program Performance

As stated above, BEA Program performance awarded is a direct result of the amount of available funding. Treasury is not requesting any BEA Program funding for FY 2006, and accordingly, related BEA Program performance will be zero for all BEA measures.

NATIVE INITIATIVES

Program Description

No program funding (i.e., funding for grants and loans) in FY 2006 is being requested for Native Initiatives (NI). All Fund programs, with the exception of the New Markets Tax Credit Program, are proposed to be consolidated with other community development programs within the Department of Commerce. The new program will be designed to achieve greater results and focus on communities most in need of assistance. Accordingly, the following summary information is provided to give a context to the NI performance information provided on the following pages.

Native Initiatives are designed to encourage the creation and growth of new CDFIs primarily serving Native Communities and build the capacity of existing Native CDFIs to respond to financing and financial services needs in their markets. Many Native Communities have unemployment rates well over 50 percent – some are over 90 percent. Most have critical affordable housing shortages and stagnant economies. For some, the nearest ATM or bank is over 30 miles away; for others, the nearest ATM or bank can only be reached by airplane. In order to promote economic prosperity and stability for all Americans, these gaps in financial service availability and access to credit and capital must be addressed. Congress has earmarked a portion of the Fund's award dollars for Native Initiatives in every year since FY 2001 to meet this critical need.

The following is a brief description of the CDFI Fund's Native Initiatives efforts:

Native CDFI Developmental Assistance The CDFI Fund contracts with national service providers to provide developmental assistance to Native organizations and Native Communities interested in becoming or creating CDFIs.

Native Technical Assistance Native Technical Assistance grants are used to expand the capacity of an existing CDFI to serve its market or to help establish a CDFI.

Native Financial Assistance In FY 2004, the CDFI Fund introduced the Native CDFI Assistance (NACA) Program, through which eligible Native CDFIs may receive FA awards (such as loans or grants) to support their financing activities.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE

The following table reflects the performance measure information associated with Native Initiatives (NI). The Fund believes that showing “Fiscal Year Performance” is a more meaningful presentation of projected performance than “Appropriated Level Performance”.

“Fiscal Year Performance” relates to performance being reported in the fiscal year in which such performance is attained rather than showing the effect of dollars appropriated. This is distinguished from “Appropriated Level Performance” which pertains to performance resulting from the deployment of appropriated funds irrespective of the year such performance is attained. Because there is a significant time lag between the time appropriated funds are received and the time they are disbursed to awardees, invested by awardees in the identified activities, and the related outcomes produced, there will be a significant difference between “Fiscal Year Performance” and Appropriated Level Performance”. In light of the Treasury’s decision to not request additional NI funding in FY 2006 (e.g., “Appropriated Level Performance” for FY 2006 funding would be zero), only “Fiscal Year Performance” tables are provided.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE – NATIVE INITIATIVES
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Native Initiatives	FY 2004		FY 2005	FY 2006
	Target	Performance	Proposed	Proposed 1/
Total Operating Level (direct)	See Note	See Note	\$6,021	\$0
Total FTE (direct)			10	0
Treasury Goal: Promote Prosperous U.S. and World Economies (E1)				
Treasury Objective: Stimulate Economic Growth and Job Creation (E1A)				
Appropriated Resources	See Note	See Note	\$6,021	\$0
Direct FTE			10	0
Performance Goal: Build the capacity and coverage of CDFIs and other institutions to provide credit, capital, and related services to Native communities.				
1. Administrative costs per number of NACA applications processed. (E)	Not Applicable	Not Applicable	Baseline	TBD
2. Annual percentage increase in the total assets of Native CDFIs. (O)	Not Applicable	Not Applicable	20%	10%
Note: Estimates for Native Initiatives were not included in the CDFI Program until FY 2005.				
O = Outcome Measure E = Efficiency Measure 1/ Performance includes results from FY 2005 carry-over funding.				

Community Development Financial Institutions Fund

Evaluation of FY 2005 Program Performance Compared to FY 2004

The Fund has three performance targets for the Native Initiatives: 1) the number of full-time equivalent jobs created or maintained in distressed communities; 2) the administrative cost per Financial Assistance application processed (an efficiency measure); and 3) annual percentage increase in the total assets of Native CDFIs.

Baseline data for two of these measures will be first collected in FY 2005, and the projected baseline amounts are shown. FY 2005 will also be the initial year in which the Fund determines the administrative cost to process a Native Initiatives application, and that information will be used to set a baseline and targets.

FY 2006 Proposed Program Performance

As stated above, the Fund is not requesting any funding for awards in FY 2006 under the Native Initiatives Program. Because the performance results shown are “Fiscal Year Performance”, the results to be reported in FY 2006 are a function of awardees’ deployment of awards received and disbursed in prior years.

In FY 2006 we anticipate an increase in the number full-time equivalent jobs created or maintained in underserved communities, from 250 in FY 2005, to 300 in FY 2006; and a decrease in total assets of Native CDFIs, from 20% in FY 2005 to 10% in FY 2006. The increase in jobs is again due to projected increases in disbursements of Native Initiatives awards in FY 2005. The decrease in total asset growth is that no new CDFIs will be certified in FY 2006, therefore, the only growth in assets will be for Native CDFIs that existed in FY 2005.

PROGRAM ASSESSMENT RATING TOOL (PART) REPORT

In FY 2004, the Office of Management and Budget (OMB) conducted an evaluation of two of the Fund's programs as part of its review of all Federal competitive grant programs. The two programs are the Community Development Financial Institutions (CDFI) Program, comprising the Financial Assistance (FA) and Technical Assistance (TA) components, and the New Markets Tax Credit (NMTC) Program. The Financial and Technical Assistance PART Review received a score of 51; the NMTC Program received a score of 50.

The Financial and Technical Assistance PART Review score was downgraded due to the fact that the Fund had not had time to measure the two recently developed long-term performance goals and efficiency measure. The Fund was also downgraded due to the lack of an independent evaluation of the effectiveness of the FA and TA components. These two areas were responsible for a deduction of 35 points in the PART score.

The NMTC Program was downgraded due to its limited ability to demonstrate results. The program could not demonstrate results because it is so new that, as of the summer of 2004 when OMB conducted the PART, NMTC Program allocatees had not had time to raise capital and deploy it in low-income communities. Data was collected from first-round allocatees for the first time in the summer of 2004 as required by allocatees' assistance agreements with the Fund. The data reported covered allocatees' FY 2003 activities (their most recently completed fiscal year). Investor proceeds were just beginning to be received in calendar year 2003. However, the amount of investor proceeds received was relatively small, and no significant deployment of these proceeds was made in calendar 2003. Accordingly, only 16 entities were required to report in the summer of 2004. With such a small data set, the Fund was not able to extrapolate the results of the limited deployment of funds to the entire amount of investor capital to be received from the first two allocation rounds. In addition, the Fund has not yet established targets for its annual goals. Information to be collected from Community Development Entities in FY 2005 will be used to establish a FY 2005 baseline, and targets for FY 2006. The lack of targets and results were responsible for a deduction of 44 points in the NMTC Program PART score.

No actions have yet been taken with regard to the PART reviews as they were just recently completed.

CROSSCUTTING COORDINATION EFFORTS

NMTC Program: The Fund works with the following Federal agencies in operating the NMTC Program:

- Internal Revenue Service in developing NMTC program regulations have developed a Memorandum of Understanding to formalize a compliance and monitoring relationship. The Fund and the IRS collaborate to ensure clearance for program policies and procedures.
- Comptroller of the Currency (OCC) to ensure that banks investing in CDEs receive credit under the Community Reinvestment Act, and that this would be codified in an OCC letter.
- Small Business Administration (SBA) to adopt a "lookback provision" on certain investments into CDEs. SBA viewed this provision as a critical need of their New Market Venture Capital companies.

In addition, NMTC applicants are scored more favorably to the extent they demonstrate that they will work with other Federal programs (e.g., EZs/ECs; Hope VI; Brownfields) and/or in conjunction with locally designated community revitalization efforts.

Interagency Collaborative for Community and Economic Development The Fund is the principal organizing agency in the Interagency Collaborative for Community and Economic Development (ICCED). Established in January 2003, ICCED coordinates the federal government's economic development, housing and community improvement policies, activities and initiatives in distressed communities and targeted populations for maximum economic stimulus efficiency and impact. Six federal agencies participate in ICCED: Treasury, Commerce, HUD, Interior, SBA, and USDA. ICCED is currently working with OMB on the 'Crosscut' PART. One outcome of the 'Crosscut' PART is expected to be the identification of redundancies among programs and the development of common performance measures

Grants Processing

The Fund participates in the e-grants initiative administered by the Department of Health and Human Services. This initiative has now moved from a pilot phase to a production phase (available at www.grants.gov). The Fund's grant program Notice of Funding Availability (NOFAs) are posted on this site under the grant find feature. The Department of Treasury Office of the Chief Information Officer (CIO Office) has asked OMB for a one year waiver for its three grant making offices (including the Fund) from participating in the electronic grant application development process due to the uniqueness and dissimilarities of these programs to the standard e-grants electronic application format. This waiver will request will be reassessed on an annual basis.

DETAIL OF FULL-TIME EQUIVALENT POSITIONS BY CATEGORY						
Position Category	Actual FY 2004	Estimated		Increase/Decrease for FY 2006		
		FY 2005	FY 2006	Total Changes	Program Changes	Other Changes
Statutory executive positions.....	2	2	2	-		
Policy/program professional staff.....	19	22	20	(2)	(2)	
Administrative staff.....	29	34	10	(24)	(24)	
Secretarial and clerical.....	8	10	3	(7)	(7)	
Crafts and custodial.....				-		
Subtotal.....	58	68	35	(33)	(33)	-
Part-time & temporary full-time equivalent staff years.....				-	-	
Total full-time equivalent staff years..	58	68	35	(33)	(33)	-

FULL-TIME EQUIVALENT POSITIONS BY GRADE
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Grade	FY 2004 Actual	FY 2005 Proposed Operating Level	FY 2006 Budget Estimate
Executive Level 1.....			
Executive Level 2.....			
Executive Level 3.....			
Executive Level 4.....			
Executive Level 5.....			
Subtotal.....	-	-	-
Senior Executive Service Pay Band1/.....		2	2
Senior Executive Service Level 6.....			
Senior Executive Service Level 5.....			
Senior Executive Service Level 4.....			
Senior Executive Service Level 3.....	1		
Senior Executive Service Level 2.....			
Senior Executive Service Level 1.....	1		
Subtotal.....	2	2	2
GS-15.....	10	11	7
GS-14.....	12	13	9
GS-13.....	9	12	7
GS-12.....	7	11	4
GS-11.....	8	8	3
GS-10.....			
GS-09.....	2	3	1
GS-08.....	3	3	
GS-07.....	3	3	
GS-06.....	2	2	2
GS-05.....			
GS-04.....			
GS-03.....			
GS-02.....			
GS-01.....			
Subtotal.....	56	66	33
Other.....			
Total full-time equivalent staffyears.....	58	68	35

1/PL 108-138 abolishes the six levels of SES pay, and replaces it with a new performance-based system effective in January 2004.

EXPLANATION OF PROPOSED FY 2005 OPERATING BUDGET

EXPLANATION OF PROPOSED FISCAL YEAR 2005 OPERATING BUDGET

(Dollars in Thousands)

OBJECT CLASS	FY 2005 Pres. Budget as Amended		+ or - Congressional Action		FY 2005 Enacted Level		Other Proposed Reprogrammings		Effect of Transfers, Prop. Supp./ Recissions		FY 2005 Proposed Operating Level	
	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE
11.1 Full-Time Permanent Positions.....	5,497	68			5,497	68					5,497	68
11.1 Other than Full-Time Permanent Positions.....	-				-						-	
11.5 Other Personnel Compensation.....	-				-						-	
11.8 Special Personal Services Payments.....	-				-						-	
11.9 Personnel Compensation (Total).....	5,497	68			5,497						5,497	68
12.0 Personnel Benefits.....	1,413				1,413						1,413	
13.0 Ben. Former Personnel.....	-				-						-	
21.0 Travel.....	171				171						171	
22.0 Transportation of Things.....	50				50						50	
23.1 Rental Paym'ts to GSA.....	1,216				1,216						1,216	
23.2 Rent Paym'ts to Others.....	75				75						75	
23.3 Commun., Util., & Misc.....	243				243						243	
24.0 Printing and Reprod.....	87				87						87	
25.1 Advisory & Assistance Services.....	2,440		119		2,559				(121)		2,438	
25.2 Other Services.....	508				508						508	
25.3 Purchase of Goods/Serv. from Govt. Accts..	555				555						555	
25.4 Operation & Maintenance of Facilities.....	-				-						-	
25.5 Research & Development Contracts.....	2,300				2,300						2,300	
25.6 Medical Care.....	-				-						-	
25.7 Operation & Maintenance of Equipment.....	-				-						-	
25.8 Subsistence & Support of Persons.....	-				-						-	
26.0 Supplies and Materials.....	131				131						131	
31.0 Equipment.....	345				345						345	
32.0 Lands and Structures.....	-				-						-	
33.0 Investments & Loans.....	2,364				2,364						2,364	
41.0 Grants, Subsidies.....	31,008		7,000		38,008				(323)		37,685	
42.0 Insur. Claims & Indemn.....	-				-						-	
44.0 Refunds.....	-				-						-	
TOTAL BUDGET AUTHORITY	48,403	68	7,119		55,522	68			(444)	-	55,078	68
ACTIVITIES												
1) Community Dev. Financial Institutions Program.....	30,746	33	1,119		31,865	33			(444)	-	31,421	33
2) New Markets Tax Credit Program.....	6,221	19			6,221	19					6,221	19
3) Bank Enterprise Award Program.....	5,415	6	6,000		11,415	6					11,415	6
3) Native Initiatives.....	6,021	10			6,021	10					6,021	10
TOTAL BUDGET AUTHORITY	48,403	68	7,119		55,522	68			(444)	-	55,078	68

STANDARD CLASSIFICATION SCHEDULE: DIRECT OBLIGATIONS

Object Classification	FY 2004 Actual	FY 2005 Proposed Operating Level	FY 2006 Budget Estimate	Increases/ Decreases for FY 2006
Operating Obligations				
Personnel compensation:				
Permanent positions.....	4,042	5,497	3,556	(1,941)
Total personnel compensation.....	4,042	5,497	3,556	(1,941)
Civilian personnel benefits.....	1,347	1,413	906	(507)
Benefits to former personnel.....	-			-
Travel and transportation of persons.....	100	171	73	(98)
Transportation of things.....	30	50	16	(34)
Rents, communications and utilities:				
Rental payments to GSA.....	1,267	1,216	1,125	(91)
Rental payments to others.....	75	75	72	(3)
Other rents, communications and utilities.....	272	243	123	(120)
Printing and reproduction.....	91	87	43	(44)
Other services:				
Advisory & assistance services.....	3,373	4,738	1,464	(3,274)
Other services.....	687	508	185	(323)
Purchase of goods/services from Govt. accts.....	438	555	281	(274)
Supplies and materials.....	145	131	44	(87)
Equipment.....	133	345	12	(333)
Award Obligations				
Loans, subsidies and grants	73,516	40,049	-	(40,049)
Total obligations.....	85,516	55,078	7,900	(47,178)
Unobligated balance available, SOY.....	(24,876)	(3,000)	(3,000)	-
Unobligated balance available, EOY.....	3,000	3,000	3,000	-
Total enacted appropriations and budget estimate.....	63,640	55,078	7,900	(47,178)

VERIFICATION AND VALIDATION OF DATA AND PERFORMANCE MEASURE DEFINITIONS
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The Community Development Financial Institutions Fund made significant changes to its performance plan by re-examining the strategies used to achieve the Fund's mission. The Fund worked in partnership with Treasury's Office of Performance Budgeting to develop the measures listed below. All of the measures are outcome-based, demonstrating the direct impact on the nation's communities. For each performance measure, a definition as well as verification and validation information is provided. Based on the verification and validation information, each measure's data is rated as having either "Reasonable Accuracy" (judged to be sufficiently accurate for program management and performance reporting purposes) or "Unknown Accuracy."

The first measure below pertains to the CDFI Fund as a whole. The remaining measures are specific to the Fund's programs as shown.

CDFI Fund Measure

Performance Measure: Number of full-time equivalent jobs created or maintained in underserved communities.

Definition: A full-time equivalent job is defined as a minimum of 35 hours per week. Employees that work less than 35 hours per week are aggregated into full-time equivalents. Jobs maintained are jobs at the business at the time the loan or investment is made. Jobs created are new jobs created after the loan or investment is made. Underserved markets are those that qualify as CDFI Program Target Markets. This measure is important because jobs created and maintained serve as an important indicator of the economic vitality of underserved areas.

How Data is Captured: Awardees report jobs created and maintained through CIIS. This data collection is covered by the awardees' assistance agreements with the Fund.

Verification and Validation: The information is self-reported by awardees. Most awardees track jobs maintained. Many track the number of jobs projected to be created. A smaller number collect annual information on actual number of jobs created. Some do not collect the data and respond "don't know." The Fund shall review a random sample of responses for reasonableness and consistency. While this review does not provide information regarding the accuracy of the figures and third parties do not independently verify the information, there are no known integrity problems. Beginning in FY 2005, the Fund plans to conduct site visits to a sample of awardees each year. During the site visits, this information may be verified for a sample of borrowers and investees by reviewing original loan documents or visiting borrowers/investees.

Data Accuracy: Questionable or Unknown Accuracy. The Fund will work with Treasury's Office of Performance Budgeting to assess data accuracy and determine if it can be improved.

Community Development Financial Institutions Fund

Data Frequency: Each FA awardee will report the data annually 180 days after their fiscal year end.

Community Development Financial Institutions Program

Performance Measure CDFI 1: Administrative costs per Financial Assistance application processed. (FY 2006)

Definition: The average administrative cost associated with reviewing and processing a Financial Assistance application. Administrative costs include application intake, eligibility checks, compliance assessments, review by Fund and outside reviewers, and for successful applications, assistance agreement development. This measure is important because it is an indicator of the Fund's efficiency in managing the CDFI program. Formula: Total administrative costs of reviewing and processing FA applications divided by total number of FA applications.

How Data is Captured: All application processing costs will be estimated by the Fund's Office of Financial Management (OFM). This amount will be estimated based on a number of different drivers, with estimated hours Fund personnel spend on FA application processing as the major driver. Fund staff will be asked to estimate the hours they spend on each step of the FA application process via survey. OFM will then compute the total personnel costs pertaining to FA application processing, and then compute all other costs (including allocated portion of indirect and overhead costs). Fund will then total these costs and divide them by the number of FA applications processed to get the average cost per FA application. Staff hours will be collected for the first time in FY 2005.

Verification and Validation: Costs that are tracked in the Fund's accounting system are subject to audit. Respective managers review staff estimates for reasonableness. Data accuracy is verified annually.

Data Accuracy: Reasonable accuracy.

Data Frequency: Annual.

Community Development Financial Institutions Fund

Performance Measure CDFI 2: Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund financial assistance.

Definition: Leverage is defined as the 1:1 non-federal match on FA awards (as required by the CDFI Program), plus debt the FA awardees are able to leverage with FA grant and equity awards and related matching funds, plus dollars that the FA awardees' borrowers leverage for projects that the awardees invest in (i.e., if the total financing needed for a housing development is \$5 million, the awardee lends \$1 million for this development, and other investors lend the remaining \$4 million, then \$4 million is the project-level leverage). This measure is important because it is an indicator of a CDFI's capacity to provide credit, capital and related services to otherwise underserved markets and because it demonstrates the efficient use of federal dollars to leverage private resources.

How Data is Captured: FA disbursements are tracked by the Fund's Financial Manager and are used as the proxy for matching funds raised. (This is a strong proxy because FA disbursements are made only after CDFIs provide documentation showing that they have received or been committed matching funds.) CIIS captures the data needed to calculate the debt leverage and project-level leverage.

Verification and Validation: Disbursement data is subject to audit. The debt leverage calculation is based on numbers that are verified against the awardees' financial statements. (In most cases, the financial statements have been audited.) Project-level leverage is reported by the awardee and is not verified by the Fund.

Data Accuracy: Questionable or Unknown Accuracy (due to the inability to verify project-level leverage). The Fund continues to use this measure since it captures non-federal community development investment that is spurred by the Fund's investment. The Fund will work with Treasury's Office of Performance Budgeting to assess data accuracy and determine if it can be improved.

Data Frequency: Each CDFI recipient of financial assistance will report the data annually 180 days after their fiscal year end.

New Markets Tax Credit Program

Performance Measure NMTC 1: Administrative costs per NMTC application processed. (FY 2006)

Definition: The average administrative cost associated with reviewing and processing a NMTC application. Administrative costs include application intake, eligibility checks, compliance assessments, review by Fund and outside reviewers, and for successful applications, assistance agreement development. This measure is important because it is an indicator of the Fund's efficiency in managing the NMTC program. Formula: Total administrative costs of reviewing and processing NMTC applications divided by total number of NMTC applications.

Community Development Financial Institutions Fund

How Data is Captured: All application processing costs will be estimated by the Fund's Office of Financial Management (OFM). This amount will be estimated based on a number of different drivers, with estimated hours Fund personnel spend on NMTC application processing as the major driver. Fund staff will be asked to estimate the hours they spend on each step of the NMTC application process via survey. OFM will then compute the total personnel costs pertaining to NMTC application processing, and then compute all other costs (including allocated portion of indirect and overhead costs). Fund will then total these costs and divide them by the number of NMTC applications processed to get the average cost per NMTC application. Staff hours will be collected for the first time in FY 2005.

Verification and Validation: Costs that are tracked in the Fund's accounting system are subject to audit. Respective managers review staff estimates for reasonableness. Data accuracy is verified annually.

Data Accuracy: Reasonable accuracy.

Data Frequency: Annual.

Performance Measure NMTC 2: Amount of investments in low-income communities that CDEs have made with capital raised through their NMTC tax credit allocations. (FY 2006)

Definition: The value of Qualified Low-Income Community Investments (QLICIs) made by NMTC allocatees during the reporting year. QLICIs include loans, investments, loan purchases, and financial counseling and other services that meet NMTC requirements. This measure is important because it captures the actual investments that CDEs made in Low-Income Communities with capital they raised through the NMTC program.

How Data is Captured: CDE allocatees are required to report this data through CIIS. This data collection is covered by the allocatee's allocation agreement with the Fund.

Verification and Validation: The information is self-reported by allocatees. During site visits to a sample of allocatees each year, the Fund may verify this data through review of a sample of QLICI loan and investment documentation. This data is used for compliance purposes by the Fund, and may be used for similar purposes by the IRS. Under a memorandum of understanding with IRS, the Fund makes this data available to the IRS. Events of default with the allocation agreement may lead to remedies, including termination or re-allocation of any unused credits, or barring the allocatee from applying in future allocation rounds. Therefore, it is highly unlikely that CDEs will report incorrect information to the Fund.

Community Development Financial Institutions Fund

Data Accuracy: Reasonable Accuracy.

Data Frequency: This data is reported annually 180 days after the allocatee's fiscal year end.

Bank Enterprise Award Program

Performance Measure BEA 1: Administrative costs per BEA application processed. (FY 2006)

Definition: The average administrative cost associated with reviewing and processing a BEA application. Administrative costs include application intake, eligibility checks, compliance assessments, review by Fund and outside reviewers, and for successful applications, assistance agreement development. This measure is important because it is an indicator of the Fund's efficiency in managing the BEA program. Formula: Total administrative costs of reviewing and processing BEA applications divided by total number of BEA applications.

How Data is Captured: All application processing costs will be estimated by the Fund's Office of Financial Management (OFM). This amount will be estimated based on a number of different drivers, with estimated hours Fund personnel spend on BEA application processing as the major driver. Fund staff will be asked to estimate the hours they spend on each step of the BEA application process via survey. OFM will then compute the total personnel costs pertaining to BEA application processing, and then compute all other costs (including allocated portion of indirect and overhead costs). Fund will then total these costs and divide them by the number of BEA applications processed to get the average cost per BEA application. Staff hours will be collected for the first time in FY 2005.

Verification and Validation: Costs that are tracked in the Fund's accounting system are subject to audit. Respective managers review staff estimates for reasonableness. Data accuracy is verified annually.

Data Accuracy: Reasonable accuracy.

Data Frequency: Annual.

Performance Measure BEA 2: Increase in community development activities over prior year for all program applicants. (FY 2006)

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Definition: The increase in applicants' total qualified activities in the 12-month assessment period over the 12-month base period.

How Data is Captured: Each BEA Program applicant is required to submit an application containing a Report of Transactions. The Report of Transactions includes a list of all qualified activities and their amounts. All reports are submitted electronically and the data is stored in databases.

Verification and Validation: BEA applicants are required to submit supporting documentation for each qualified activity. Such documentation includes:

- Closing Documents demonstrating that all transactions (except for small financing activities) were closed during the Assessment Period (e.g., loan agreements, promissory notes, investment agreements, or stock purchase agreements).
- Disbursement Documents demonstrating that an initial disbursement occurred on all transactions (except for small financing activities) during the Assessment Period in a manner consistent with customary business practices and that was reasonable given the nature of the transaction (e.g., copies of checks, wire transfer receipts).

Data Accuracy: Reasonable accuracy for BEA leverage.

Data Frequency: Annual.

Native Initiatives

Performance Measure NI 1: Administrative costs per NI application processed. (FY 2006)

Definition: The average administrative cost associated with reviewing and processing an NI application. Administrative costs include application intake, eligibility checks, compliance assessments, review by Fund and outside reviewers, and for successful applications, assistance agreement development. This measure is important because it is an indicator of the Fund's efficiency in managing the NI program. Formula: Total administrative costs of reviewing and processing NI applications divided by total number of NI applications.

How Data is Captured: All application processing costs will be estimated by the Fund's Office of Financial Management (OFM). This amount will be estimated based on a number of different drivers, with estimated hours Fund personnel spend on NI application processing as the major driver. Fund staff will be asked to estimate the hours they spend on each step of the NI application process via survey. OFM will then compute the total personnel costs pertaining to NI application processing, and then compute all other costs (including allocated portion of indirect and overhead costs). Fund will then total these costs and divide them by the number of NI applications processed to get the average cost per NI application. Staff hours will be collected for the first time in FY 2005.

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Verification and Validation: Costs that are tracked in the Fund's accounting system are subject to audit. Respective managers review staff estimates for reasonableness. Data accuracy is verified annually.

Data Accuracy: Reasonable accuracy.

Data Frequency: Annual.

Performance Measure NI 2: Annual percentage increase in the total assets of Native CDFIs. (FY 2006)

Definition: The percentage of Native CDFI awardees whose total assets have increased in the reporting year over the previous year. This measure is important because it is an indicator of a CDFI's capacity to provide credit, capital and related services to otherwise underserved markets. Formula: (Sum of Native CDFI awardee total assets in current year minus Sum of Native CDFI awardee total assets in previous year) divided by Sum of Native CDFI awardee total assets in previous year. Only Native CDFI awardees that reported total assets in both years are included in the calculation.

How Data is Captured: Native CDFI awardees report their fiscal year-end total assets through CIIS. This data collection is covered by the awardees' assistance agreements with the Fund.

Verification and Validation: Total assets data reported by CDFIs are verified annually against the CDFIs' fiscal year-end financial statements, audited if available.

Data Accuracy: Reasonable accuracy.

Data Frequency: Each CDFI will report the data annually 180 days after their fiscal year end.

Discontinued Measures

Community Development Financial Institutions Program

Discontinued: Number of full-time equivalent jobs created or maintained in underserved communities.

Definition: A full-time equivalent job is defined as a minimum of 35 hours per week. Employees that work less than 35 hours per week are aggregated into full-time equivalents. Jobs maintained are jobs at the business at the time the loan or investment is made. Jobs created are new jobs created after the loan or investment is made. Underserved markets are those that qualify as CDFI Program Target Markets. This measure is important because jobs created and maintained serve as an important indicator of the economic vitality of underserved areas.

How Data is Captured: Awardees report jobs created and maintained through CIIS. This data collection is covered by the awardees' assistance agreements with the Fund.

Verification and Validation: The information is self-reported by awardees. Most awardees track jobs maintained. Many track the number of jobs projected to be created. A smaller number collect annual information on actual number of jobs created. Some do not collect the data and respond "don't know." The Fund shall review a random sample of responses for reasonableness and consistency. While this review does not provide information regarding the accuracy of the figures and third parties do not independently verify the information, there are no known integrity problems. Beginning in FY 2005, the Fund plans to conduct site visits to a sample of awardees each year. During the site visits, this information may be verified for a sample of borrowers and investees by reviewing original loan documents or visiting borrowers/investees.

Data Accuracy: Questionable or Unknown Accuracy. The Fund will work with Treasury's Office of Performance Budgeting to assess data accuracy and determine if it can be improved.

Data Frequency: Each FA awardee will report the data annually 180 days after their fiscal year end.

Discontinued: Number of businesses financed that are located in, or provide services or employment to, underserved communities.

Definition: Businesses include for-profit and non-profit businesses. They include microenterprises, defined as a business with five or fewer employees and receiving a loan or investment of up to \$35,000, as well as larger businesses. The number of businesses financed is the number of unique businesses receiving a loan or investment from an awardee during the reporting period. A business that received more than one loan or investment is counted once. Businesses financed are an important indicator of the economic health of a community because businesses generate employment and taxes, and may provide community services.

Community Development Financial Institutions Fund

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. Type of loan (business, housing, etc.) is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Square footage of commercial real estate property developed in underserved communities.

Definition: The number of square feet of commercial real estate developed, rehabilitated or acquired in projects financed by CDFI commercial real estate loans. This is an important measure of economic condition because the availability of commercial real estate space is necessary if businesses are to locate in a community. The benefits these businesses provide to the community include expanded tax base, employment, and services such as health care and childcare.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. Square footage of commercial real estate developed is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of clients served by community facilities located in or providing services to underserved communities.

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Definition: “Community facility” is defined as a facility in which health care, childcare, educational, cultural or social services are provided. “Number of clients” is defined as the maximum annual capacity of the facility. For example, maximum number of students at a school, beds at a hospital, estimated maximum patients that can be served annually at a health clinic, child slots at a childcare center, slots at an eldercare center, etc. This measures the number of people benefiting from needed community services such as health care and childcare.

How Data is Captured: CDFI Program and NMTC Program Transaction Level Reports. CDFI Program Institution Level Report. BEA Report of Transactions. This data has been captured for CDFI Awardees at the institution level since FY 1999, and will begin to be collected at the transaction level in FY 2005. This data was collected from BEA Applicants for the first time in FY 2003 and will be collected from NMTC Allocatees for the first time in FY 2005.

Verification and Validation: The data is self-reported. Each awardee collects and tracks transaction level data in its own management information system(s). Number of clients served is not collected by all awardees. For some types of community facilities, this data should be readily obtainable. For example, childcare facilities have a maximum capacity that is normally determined by local government. For other types of facilities, the number of clients served is likely to be an estimate. For example, a walk-in health clinic must estimate the number of clients it expects to treat in a given year. If an awardee does not already track the number of clients served by community facilities, they will be expected to modify their systems. For CDFIs that submit this data through the Transaction Level Report, the Fund has developed the technology that awardees may use to export their transaction level data directly from their internal systems to the Fund’s data collection system. This will eliminate transcription errors. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, these reviews provide a reasonable check for the accuracy of the figures.

Data Accuracy: Unknown accuracy.

Reason for Discontinuing This Measure: The Fund’s new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of housing units (including rental units) developed or rehabilitated in underserved communities.

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Definition: Housing unit is defined as a single-family rental or for-purchase housing unit. It includes single-family homes, condominiums and apartments. This measure is important because the availability of affordable housing is critical to healthy communities.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. The number of housing units financed per housing loan is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing from CDFI Program awardees.

Definition: Number of homebuyers in underserved markets that receive from an FA awardee a first or second mortgage to purchase a home, down-payment assistance, or other financing that supports a home purchase. Underserved markets are those that qualify as CDFI Program Target Markets, which include Investment Areas, Low-Income Targeted Populations, or specific communities of people with demonstrated lack of access to credit, equity or financial services called Other Targeted Populations. This measure is important because it demonstrates one of the community development impacts associated with CDFI Program awardees' activities: increasing home ownership. Home ownership can be a critical means for low-income individuals to accumulate wealth.

How Data is Captured: For each loan/investment made, FA awardees report a borrower/investee identification number and the purpose of the loan/investment. This information is used to identify the number of unique borrowers/investees who received home purchase financing. This data is reported through CIIS and is covered by the awardees' assistance agreements with the Fund.

Verification and Validation: The data is self-reported. The Fund shall review a random sample of responses for reasonableness and consistency. While this review does not provide information regarding the accuracy of the figures and third parties do not independently verify the information, there are no known integrity problems. Beginning in FY 2005, the Fund plans to conduct site

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visits to a sample of FA awardees each year. During the site visits, this information may be verified for a sample of borrowers and investees by reviewing original loan documents.

Data Accuracy: Questionable or Unknown Accuracy. The Fund will work with Treasury's Office of Performance Budgeting to assess data accuracy and determine if it can be improved.

Data Frequency: FA awardees (beginning with the 2003 funding round awardees) will report the data annually 180 days after their fiscal year end.

Discontinued: Number of accounts opened at insured depository institutions that are located in underserved communities.

Definition: Accounts consist of Electronic Transfer Accounts (for federal benefits recipients who do not have accounts with financial institutions), First Accounts (for low and moderate-income individuals who are currently "unbanked"), Individual Development Accounts (for low-income individuals), and other checking and savings accounts. Underserved communities are those that qualify as CDFI Program Target Markets. New accounts are an important measure because they demonstrate that individuals are being brought into the financial mainstream.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. CDFI Program awardees' account data is compared against the financial information it submits to its regulator.

Data Accuracy: Reasonable Accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other developmental assistance or technical assistance that may counter predatory lending and financial services.

Definition: Developmental Assistance is defined as classroom or group-based training. Technical assistance is defined as one-on-one counseling. Financial literacy training is defined as credit counseling and basic money management. Home ownership training covers

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home maintenance, finance, and protecting the value of the home. Business training teaches entrepreneurs how to manage a business. Underserved communities are those that qualify as CDFI Program Target Markets. Training and technical assistance are important measures because they improve the capacity of individuals to manage finances and build wealth.

How Data is Captured: CIIS.

Verification and Validation: Each awardee's training and technical assistance data is reviewed by Fund staff for consistency with the awardee's reported number of clients and lines of business. This information is not tracked by all awardees. While third parties do not independently verify the information, there are no known integrity problems with the data.

Data Accuracy: Unknown Accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Percentage of CDFI Program awardees that have increased their level of self-sufficiency.

Definition: "Self-sufficiency" is defined as the percentage of operating costs that are covered by earned income. Earned income does not include grants. Level of self-sufficiency is an indicator of a CDFI's capacity because it measures the degree to which a CDFI is dependent on contributions to cover operating expenses versus generating income to cover operating expenses.

How Data is Captured: CDFI Institution Level Report.

Verification and Validation: The data is self-reported. The Fund's contracted data cleansers will verify the information against the CDFI's financial statements. Data cleansers will use audited financial statements if they are available; otherwise reviewed or internal statements.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Percentage of CDFI Program awardees with acceptable portfolio quality.

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Definition: “Portfolio quality” is defined as percentage of principal outstanding that is 90 days or more past due. The CDFI Fund defines acceptable levels of delinquency for each of a number of peer groups. Peer groups include but are not limited to credit unions, banks, business loan funds, and housing loan funds. Portfolio quality is an important indicator of capacity because poor quality means that a CDFI’s primary asset (its loan capital) is at risk of being depleted. A CDFI with poor portfolio quality is not a sustainable institution.

How Data is Captured: CDFI Institution Level Report and Transaction Level Report. This information has been collected at the institution level in past years, and was collected at the transaction level for the first time in FY 2004.

Verification and Validation: The data is self-reported. Each awardee collects and tracks transaction level data in its own management information system(s). Loan payment delinquency is standard data that all CDFIs should track as a normal course of business. For CDFIs that submit this data through the Transaction Level Report, the Fund has developed the technology that awardees may use to export their transaction level data directly from their internal systems to the Fund’s data collection system. This will eliminate transcription errors. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, these reviews provide a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund’s new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Percentage of CDFI Program awardees that increased the number of products and services offered, or increased the volume of financing activities.

Definition: CDFIs provide a range of financial products and services to the target markets. Products include mortgage loans and small business loans, while services include checking accounts and savings accounts. The more products and services, or volume, a CDFI offers to its target market, the more responsive it is to its market’s needs.

How Data is Captured: CDFI Institution Level Report and Transaction Level Report. The increase in the number of products and services offered will be collected for the first time in FY 2004. The increase in the volume of financing activities has been collected at the institution level in past years, and was collected at the transaction level for the first time in FY 2004.

Community Development Financial Institutions Fund

Verification and Validation: The data is self-reported. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, there are no known integrity problems with the data.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Percentage of Hot Zones served by CDFIs.

Definition: Hot Zones are geographic units with high levels of economic distress. Economic Development Hot Zones have an unemployment rate greater than or equal to 1.5 the national average; a poverty rate greater than or equal to 20 percent; and a median family income less than or equal to 80 percent of the area median income. Housing Hot Zones are metropolitan census tracts and non-metropolitan counties with median monthly rental housing cost that exceeds 30 percent of the gross monthly income of a low-income household; a poverty rate greater than or equal to 20 percent; and median family income less than or equal to 80 percent of the area median income. Additionally, all American Indian areas and similar entities that are eligible Investment Areas but do not meet the above Hot Zone definitions are considered to be Hot Zones. "Served by CDFIs" is defined as financing.

How Data is Captured: CDFI Transaction Level Report. This information will be collected for the first time in FY 2005.

Verification and Validation: The data is self-reported. Each awardee collects and tracks transaction level data in its own management information system(s). Borrower or project address is standard data that all CDFIs should track as a normal course of business. The Fund will geo-code the addresses to determine which census tracts they are in and compare them to the list of Hot Zone census tracts. The Fund has developed the technology that awardees may use to export their transaction level data directly from their internal systems to the Fund's data collection system. This will eliminate transcription errors. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, these reviews provide a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued Measures

New Markets Tax Credit Program

Performance Measure: Number of full-time equivalent jobs created or maintained in underserved communities.

Definition: A full-time equivalent job is defined as a minimum of 35 hours per week. Employees that work less than 35 hours per week are aggregated into full-time equivalents. Jobs maintained are jobs at the business at the time the loan or investment is made. Jobs created are new jobs created after the loan or investment is made. Underserved markets are those that qualify as CDFI Program Target Markets. This measure is important because jobs created and maintained serve as an important indicator of the economic vitality of underserved areas.

How Data is Captured: Awardees report jobs created and maintained through CIIS. This data collection is covered by the awardees' assistance agreements with the Fund.

Verification and Validation: The information is self-reported by awardees. Most awardees track jobs maintained. Many track the number of jobs projected to be created. A smaller number collect annual information on actual number of jobs created. Some do not collect the data and respond "don't know." The Fund shall review a random sample of responses for reasonableness and consistency. While this review does not provide information regarding the accuracy of the figures and third parties do not independently verify the information, there are no known integrity problems. Beginning in FY 2005, the Fund plans to conduct site visits to a sample of awardees each year. During the site visits, this information may be verified for a sample of borrowers and investees by reviewing original loan documents or visiting borrowers/investees.

Data Accuracy: Questionable or Unknown Accuracy. The Fund will work with Treasury's Office of Performance Budgeting to assess data accuracy and determine if it can be improved.

Data Frequency: Each FA awardee will report the data annually 180 days after their fiscal year end.

Discontinued: Number of businesses financed that are located in, or provide services or employment to, underserved communities.

Definition: Businesses include for-profit and non-profit businesses. They include microenterprises, defined as a business with five or fewer employees and receiving a loan or investment of up to \$35,000, as well as larger businesses. The number of businesses financed is the number of unique businesses receiving a loan or investment from an awardee during the reporting period. A business that

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received more than one loan or investment is counted once. Businesses financed are an important indicator of the economic health of a community because businesses generate employment and taxes, and may provide community services.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. Type of loan (business, housing, etc.) is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Square footage of commercial real estate property developed in underserved communities.

Definition: The number of square feet of commercial real estate developed, rehabilitated or acquired in projects financed by CDFI commercial real estate loans. This is an important measure of economic condition because the availability of commercial real estate space is necessary if businesses are to locate in a community. The benefits these businesses provide to the community include expanded tax base, employment, and services such as health care and childcare.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. Square footage of commercial real estate developed is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

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Discontinued: Number of clients served by community facilities located in or providing services to underserved communities.

Definition: “Community facility” is defined as a facility in which health care, childcare, educational, cultural or social services are provided. “Number of clients” is defined as the maximum annual capacity of the facility. For example, maximum number of students at a school, beds at a hospital, estimated maximum patients that can be served annually at a health clinic, child slots at a childcare center, slots at an eldercare center, etc. This measures the number of people benefiting from needed community services such as health care and childcare.

How Data is Captured: CDFI Program and NMTC Program Transaction Level Reports. CDFI Program Institution Level Report. BEA Report of Transactions. This data has been captured for CDFI Awardees at the institution level since FY 1999, and will begin to be collected at the transaction level in FY 2005. This data was collected from BEA Applicants for the first time in FY 2003 and will be collected from NMTC Allocatees for the first time in FY 2005.

Verification and Validation: The data is self-reported. Each awardee collects and tracks transaction level data in its own management information system(s). Number of clients served is not collected by all awardees. For some types of community facilities, this data should be readily obtainable. For example, childcare facilities have a maximum capacity that is normally determined by local government. For other types of facilities, the number of clients served is likely to be an estimate. For example, a walk-in health clinic must estimate the number of clients it expects to treat in a given year. If an awardee does not already track the number of clients served by community facilities, they will be expected to modify their systems. For CDFIs that submit this data through the Transaction Level Report, the Fund has developed the technology that awardees may use to export their transaction level data directly from their internal systems to the Fund’s data collection system. This will eliminate transcription errors. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, these reviews provide a reasonable check for the accuracy of the figures.

Data Accuracy: Unknown accuracy.

Reason for Discontinuing This Measure: The Fund’s new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of housing units (including rental units) developed or rehabilitated in underserved communities.

Definition: Housing unit is defined as a single-family rental or for-purchase housing unit. It includes single-family homes, condominiums and apartments. This measure is important because the availability of affordable housing is critical to healthy communities.

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How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. The number of housing units financed per housing loan is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing.

Definition: Purchase money mortgage is defined as a loan that is made for the purpose of purchasing a home. Other home purchase financing includes down payment assistance loans. This is an important measure because home ownership can be a critical means for low-income individuals to accumulate wealth.

How Data is Captured: BEA Report of Transactions. This data was collected for the first time in FY 2003.

Verification and Validation: The data is self-reported. Type of loan (business, commercial, mortgage, etc.) is standard data that most banks track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of accounts opened at insured depository institutions that are located in underserved communities.

Definition: Accounts consist of Electronic Transfer Accounts (for federal benefits recipients who do not have accounts with financial institutions), First Accounts (for low and moderate-income individuals who are currently “unbanked”), Individual Development Accounts (for low-income individuals), and other checking and savings accounts. Underserved communities are those that qualify as CDFI Program Target Markets. New accounts are an important measure because they demonstrate that individuals are being brought into the financial mainstream.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. CDFI Program awardees’ account data is compared against the financial information it submits to its regulator.

Data Accuracy: Reasonable Accuracy.

Reason for Discontinuing This Measure: The Fund’s new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other developmental assistance or technical assistance that may counter predatory lending and financial services.

Definition: Developmental Assistance is defined as classroom or group-based training. Technical assistance is defined as one-on-one counseling. Financial literacy training is defined as credit counseling and basic money management. Home ownership training covers home maintenance, finance, and protecting the value of the home. Business training teaches entrepreneurs how to manage a business. Underserved communities are those that qualify as CDFI Program Target Markets. Training and technical assistance are important measures because they improve the capacity of individuals to manage finances and build wealth.

How Data is Captured: CIIS.

Verification and Validation: Each awardee’s training and technical assistance data is reviewed by Fund staff for consistency with the awardee’s reported number of clients and lines of business. This information is not tracked by all awardees. While third parties do not independently verify the information, there are no known integrity problems with the data.

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Data Accuracy: Unknown Accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of businesses and entrepreneurs provided financial counseling or other services by NMTC Program allocatees.

Definition: Financial or other counseling is advice provided by a CDE relating to the organization or operation of a trade or business. Financial and other counseling is important because it improves business management and the health of businesses.

How Data is Captured: NMTC Institution Level Report. This information was collected for the first time in FY 2004.

Verification and Validation: Each NMTC allocatee's training and technical assistance data will be reviewed by the Fund's contracted data cleansers for consistency with the allocatee's reported number of clients and lines of business. It is not known how many CDEs track this information.

Data Accuracy: Unknown accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued Measures

Bank Enterprise Award Program

Performance Measure: Number of full-time equivalent jobs created or maintained in underserved communities.

Definition: A full-time equivalent job is defined as a minimum of 35 hours per week. Employees that work less than 35 hours per week are aggregated into full-time equivalents. Jobs maintained are jobs at the business at the time the loan or investment is made. Jobs created are new jobs created after the loan or investment is made. Underserved markets are those that qualify as CDFI Program

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Target Markets. This measure is important because jobs created and maintained serve as an important indicator of the economic vitality of underserved areas.

How Data is Captured: Awardees report jobs created and maintained through CIIS. This data collection is covered by the awardees' assistance agreements with the Fund.

Verification and Validation: The information is self-reported by awardees. Most awardees track jobs maintained. Many track the number of jobs projected to be created. A smaller number collect annual information on actual number of jobs created. Some do not collect the data and respond "don't know." The Fund shall review a random sample of responses for reasonableness and consistency. While this review does not provide information regarding the accuracy of the figures and third parties do not independently verify the information, there are no known integrity problems. Beginning in FY 2005, the Fund plans to conduct site visits to a sample of awardees each year. During the site visits, this information may be verified for a sample of borrowers and investees by reviewing original loan documents or visiting borrowers/investees.

Data Accuracy: Questionable or Unknown Accuracy. The Fund will work with Treasury's Office of Performance Budgeting to assess data accuracy and determine if it can be improved.

Data Frequency: Each FA awardee will report the data annually 180 days after their fiscal year end.

Discontinued: Number of businesses financed that are located in, or provide services or employment to, underserved communities.

Definition: Businesses include for-profit and non-profit businesses. They include microenterprises, defined as a business with five or fewer employees and receiving a loan or investment of up to \$35,000, as well as larger businesses. The number of businesses financed is the number of unique businesses receiving a loan or investment from an awardee during the reporting period. A business that received more than one loan or investment is counted once. Businesses financed are an important indicator of the economic health of a community because businesses generate employment and taxes, and may provide community services.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. Type of loan (business, housing, etc.) is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

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Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Square footage of commercial real estate property developed in underserved communities.

Definition: The number of square feet of commercial real estate developed, rehabilitated or acquired in projects financed by CDFI commercial real estate loans. This is an important measure of economic condition because the availability of commercial real estate space is necessary if businesses are to locate in a community. The benefits these businesses provide to the community include expanded tax base, employment, and services such as health care and childcare.

How Data is Captured: CIIS.

Verification and Validation: The data is self-reported. Square footage of commercial real estate developed is standard data that most CDFIs track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of clients served by community facilities located in or providing services to underserved communities.

Definition: "Community facility" is defined as a facility in which health care, childcare, educational, cultural or social services are provided. "Number of clients" is defined as the maximum annual capacity of the facility. For example, maximum number of students at a school, beds at a hospital, estimated maximum patients that can be served annually at a health clinic, child slots at a childcare center, slots at an eldercare center, etc. This measures the number of people benefiting from needed community services such as health care and childcare.

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How Data is Captured: CDFI Program and NMTC Program Transaction Level Reports. CDFI Program Institution Level Report. BEA Report of Transactions. This data has been captured for CDFI Awardees at the institution level since FY 1999, and will begin to be collected at the transaction level in FY 2005. This data was collected from BEA Applicants for the first time in FY 2003 and will be collected from NMTC Allocatees for the first time in FY 2005.

Verification and Validation: The data is self-reported. Each awardee collects and tracks transaction level data in its own management information system(s). Number of clients served is not collected by all awardees. For some types of community facilities, this data should be readily obtainable. For example, childcare facilities have a maximum capacity that is normally determined by local government. For other types of facilities, the number of clients served is likely to be an estimate. For example, a walk-in health clinic must estimate the number of clients it expects to treat in a given year. If an awardee does not already track the number of clients served by community facilities, they will be expected to modify their systems. For CDFIs that submit this data through the Transaction Level Report, the Fund has developed the technology that awardees may use to export their transaction level data directly from their internal systems to the Fund's data collection system. This will eliminate transcription errors. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, these reviews provide a reasonable check for the accuracy of the figures.

Data Accuracy: Unknown accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of housing units developed or rehabilitated in distressed communities.

Definition: Housing unit is defined as a single-family rental or for-purchase housing unit. It includes single-family homes, condominiums and apartments. This measure is important because the availability of affordable housing is critical to healthy communities.

How Data is Captured: Each BEA Program applicant is required to submit an application containing a Report of Transactions. The Report of Transactions includes the number of housing units developed or rehabilitated in distressed communities for each housing development or rehabilitation loan/investment made. All reports are submitted electronically and the data is stored in databases.

Verification and Validation: The information is self-reported by applicants and is not verified.

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Data Accuracy: Questionable or Unknown Accuracy. The Fund will work with Treasury's Office of Performance Budgeting to assess data accuracy and determine if it can be improved.

Data Frequency: Annual.

Discontinued: Number of homebuyers in underserved markets that obtain purchase money mortgages or other home purchase financing.

Definition: Purchase money mortgage is defined as a loan that is made for the purpose of purchasing a home. Other home purchase financing includes down payment assistance loans. This is an important measure because home ownership can be a critical means for low-income individuals to accumulate wealth.

How Data is Captured: BEA Report of Transactions. This data was collected for the first time in FY 2003.

Verification and Validation: The data is self-reported. Type of loan (business, commercial, mortgage, etc.) is standard data that most banks track as a normal course of business. The Fund shall review a random sample of responses for reasonableness and consistency. While third parties do not independently verify the information, this staff review provides a reasonable check for the accuracy of the figures.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of accounts opened at insured depository institutions that are located in underserved communities.

Definition: Accounts consist of Electronic Transfer Accounts (for federal benefits recipients who do not have accounts with financial institutions), First Accounts (for low and moderate-income individuals who are currently "unbanked"), Individual Development Accounts (for low-income individuals), and other checking and savings accounts. Underserved communities are those that qualify as CDFI Program Target Markets. New accounts are an important measure because they demonstrate that individuals are being brought into the financial mainstream.

How Data is Captured: CIIS.

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Community Development Financial Institutions Fund

Verification and Validation: The data is self-reported. CDFI Program awardees' account data is compared against the financial information it submits to its regulator.

Data Accuracy: Reasonable Accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

Discontinued: Number of individuals or businesses in underserved communities provided financial education, home ownership, business and other developmental assistance or technical assistance that may counter predatory lending and financial services.

Definition: Developmental Assistance is defined as classroom or group-based training. Technical assistance is defined as one-on-one counseling. Financial literacy training is defined as credit counseling and basic money management. Home ownership training covers home maintenance, finance, and protecting the value of the home. Business training teaches entrepreneurs how to manage a business. Underserved communities are those that qualify as CDFI Program Target Markets. Training and technical assistance are important measures because they improve the capacity of individuals to manage finances and build wealth.

How Data is Captured: CIIS.

Verification and Validation: Each awardee's training and technical assistance data is reviewed by Fund staff for consistency with the awardee's reported number of clients and lines of business. This information is not tracked by all awardees. While third parties do not independently verify the information, there are no known integrity problems with the data.

Data Accuracy: Unknown Accuracy.

Reason for Discontinuing This Measure: The Fund's new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.

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Discontinued: Dollar value of BEA applicant qualified investments that can be attributed to the prospect of receiving a BEA award.

Definition: For BEA applicants, leverage is defined as the portion of total eligible activity that can reasonably be attributed to the prospect of receiving a BEA Program award. There will be some double counting of investments in CDFIs, in that BEA applicant investments in CDFIs will be counted as BEA Program “Qualified Activities” and may also be counted by CDFIs as “other non-CDFI Fund dollars.”

How Data is Captured: BEA Report of Transactions.

Verification and Validation: The portion of total eligible activity that can reasonably be attributed to the prospect of receiving a BEA Program award is estimated based on the results of the Fund’s FY 2002 BEA awardee survey. In this survey, awardees reported that the prospect of a BEA award was in some cases the sole motivation for conducting the eligible activity, in other cases part of the motivation, and in other cases not part of the motivation at all. Using the results of this survey, the Fund estimates that 50 percent of CDFI-Related activities and 42 percent of Financing & Service activities can reasonably be attributed to the prospect of receiving a BEA award.

Data Accuracy: Reasonable accuracy.

Reason for Discontinuing This Measure: The Fund’s new performance goals focus on the capacity and coverage of CDFIs rather than community development impacts. The Fund continues to measure impact, but through a limited number of other measures.